



COUNCIL AGENDA: 6/21/11
ITEM: 2.44

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: William F. Sherry, A.A.E.

SUBJECT: See Below

DATE: 6/13/11

Approved

Date

6/14/11

COUNCIL DISTRICT: City-Wide

SUBJECT: TERMS AND CONDITIONS OF ACCEPTING THE FEDERAL AVIATION ADMINISTRATION AIRPORT IMPROVEMENT PROGRAM GRANTS

REASON FOR ADDENDUM

The City recently received the revised Terms and Conditions of Accepting Airport Improvement Program Grants (Master Agreement) from the Federal Aviation Administration (FAA). The Master Agreement needs to be approved and returned to the FAA within 30 days. Without the approval of the Master Agreement, the City will not be able to receive future grants from the FAA. The Airport Department anticipates receiving the large dollar grant from the FAA in July 2011 for the 3rd Phase of Taxiway W project.

RECOMMENDATION

Approve a Master Agreement for the Terms and Conditions of Accepting Airport Improvement Program (AIP) grants with the United States Department of Transportation Federal Aviation Administration (FAA) which shall apply to all future AIP grants from the FAA.

OUTCOME

Approval of the revised Master Agreement will allow the City to receive future Airport Improvement Program (AIP) grant funding from the FAA.

BACKGROUND

The City routinely receives AIP grant funding from the FAA. The AIP grant terms and conditions used to be part of each grant award document. In January 2007, in order to make the process more efficient and effective, the FAA separated and restated the terms and conditions that applied by previous AIP grants approved by Council into a separate document, and the City executed the first Master Agreement in 2007.

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ANALYSIS

The revised Master Agreement adds provisions that expressly allow the FAA to terminate a grant if the City fails either to perform projects without undue delay or to seek timely grant reimbursement for completed projects. Additional new provisions also specifically require the City to monitor work on grant funded projects, make payments only for work that has been satisfactorily completed and to maintain a ten percent (10%) retention until the contractor provides acceptable final project documentation.

The revised Master Agreement also includes a new assurance to prohibit agreements that would allow aircraft to taxi onto an airport from the off-airport residential property. The Airport currently is not a party to any such agreement and does not allow aircraft to taxi onto the Airport from off-Airport residential properties.

Other terms and conditions in the revised Master Agreement remain unchanged from AIP grants that have previously been approved by Council.

POLICY ALTERNATIVES

***Alternative:** Not approve the revised Master Agreement with the FAA.*

Pros: None.

Cons: City will not be able to receive future grant funds from the FAA.

PUBLIC OUTREACH

- ☐ **Criteria 1:** Requires Council action on the use of public funds equal to \$1million or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The above criteria do not apply to the revised Master Agreement; however, it will be posted on the City's Council Agenda Website for the June 21, 2011 City Council Meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and City Manager's Budget Office.

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FISCAL/POLICY ALIGNMENT

The revised Master Agreement is consistent with the City's Guiding Principles for Budget and Financial Management in that the City seeks to maximize available grant funds.

COST SUMMARY/IMPLICATIONS

This action will have no impact on the City's General Fund. It does, however, have major impact on the Airport as AIP Grants will be used to preserve and enhance capacity, safety, and security. As such these grants provide much needed financial support for airport infrastructure, helping the Airport remain competitive and safe. Over the course of the past five years, the City has received more than \$51,000,000 in AIP funding.

CEQA

Resolutions No. 67380 and 71451, PP 11-049.

/s/ Kimberly B. Aguirre for
WILLIAM F. SHERRY, A.A.E.
Director of Aviation
Airport Department

Please direct questions to William Sherry, Director of Aviation, 392-3610.

WFS:TG:ll